

Arizona State Board for Charter Schools

April 12, 2004

Phoenix Advantage Charter School

3738 North 16th Street

Phoenix, Arizona 85016

MINUTES

Members Present

Kurt Davis – President

Kimberly Mosher– Vice President

Mary Gifford – Superintendent’s Designee

Lynne Adams – Public Member

Cassandra Larsen - Public Member

Jose Gabriel Loyola – Public Member

Mary Lynn Kelly -Business Member

Onnie Shekerjian- Public Member

Members Absent

Paul Smiley-Business Member

Senator Linda Aguirre - Advisory

Representative John Huppenthal - Advisory

Representative Ted Carpenter - Advisory

Meeting began at 9:03 AM

Agenda Item A—Pledge of Allegiance

Agenda Item B—Moment of Silence

Agenda Item C—Roll Call: Traci Sawyer-Sinkbeil called the roll and confirmed a quorum. Lynne Adams arrived at 9:06am

Agenda Item D— Call to the Public

Tanya Alvarez and Joseph Arenas from Tucson, Arizona voiced their concerns regarding Cesar Chavez Middle School and Aztlan Academy. They allege Dr. Bisigiano displays rude behavior, has misappropriated funds from a federal grant, and unsatisfactory behavior has taken place on field trips with students and teachers. They ask the Board look into the allegations. President Davis stated staff will be reviewing all information and report back to the Board.

Agenda Item E— Welcome— Sherri Kisselbach. Ms. Kisselbach, Charter Representative, extended a warm welcome to the Board on behalf of the management company for Phoenix Advantage, Mosaica Education, and stated that they were honored to host the board meeting today. Two classes of students performed for the Board.

Agenda Item F—Consent Agenda—

1. Academic and Personal Excellence Charter High School—Changes in grade levels served from grades 9-12 to grades 6-12.

3. Mohave Accelerated Learning Center—Change in number of instructional days.

4. Skyline Technical High School—Changes in grade levels served from 9-12 to 6-12.

2. Masada Charter School—Changes in grade levels served from K-6 to K-9.

Mary Gifford asked LeAnn Timpson, the charter school representative, questions regarding the goals outlined in the amendment. Ms. Timpson agreed to modify the goal to reflect 80% of the students achieving proficiency.

Agenda Item G-- Superintendent's Report

Superintendent's Designee Mary Gifford provided an update on Superintendent of Public Instruction Tom Horne's appeal of the recent federal audit that challenges the state's decision to provide federal funds to for-profit charter schools that serve low-income and special needs students. Charter operators were notified of and invited to attend an April 9th meeting regarding the status of this audit, to discuss possible outcomes and how they may be impacted as for-profit charter schools. At the meeting, for-profit charter schools were encouraged to assess whether it would be advantageous to change their status to non-profit if it is required that the ADE stop the flow of federal funds to for-profit charter schools. The U.S. Department of Education Office has asked that the state get an Attorney General's opinion on the matter. Superintendent Horne has made the request to the Attorney General's Office.

Agenda Item H-- Executive Director's Report

Introduction to the agenda items—Discussion and possible action:

1. Kristen Jordison informed the Board that 22 schools participated in the two-day New Operator Workshop held on March 22 and March 29. Additionally, 15 people attended the first Prospective Applicant Workshop held on April 2. The Board will host additional Prospective Applicant Workshops on May 6th and June 4th.

3. Christy Farley, Executive Director of the State Board of Education, invited Board members to attend the SBE Study Session on May 17th. The session will cover various issues including achievement profile rubrics for small and alternative schools, teacher certification, and

Mary Gifford requested that Consent Agenda Item 2 be removed from the consent agenda for further discussion.

MOTION

Motion by Lynne Adams to approve Consent Agenda Items 1, 3, & 4. Motion seconded by Kimberly Mosher.

Motion passes unanimously

MOTION

Motion by Mary Gifford to approve Consent Agenda Item 2. Motion seconded by Kimberly Mosher.

Motion passes unanimously

State intervention for schools labeled under-performing for three years.

4. Lee McIlroy, staff Research Analyst, briefly updated the Board on his participation on the ADE's State Assessment and Accountability Committee and Accountability Working Group. Issues relevant to charter schools include the development of the alternative and extremely small school rubrics as part of achievement profiles and the recalculation of MAP. Lee is working directly with charter representatives on the rubrics and is incorporating their feedback.

5. Linda Proctor Downing and Kelly Hurt from Arizona Agribusiness and Equine Center provided a brief presentation to the Board on the Green Book, which is an interactive search engine for grants, which is sponsored by a USDOE dissemination grant.

Agenda Item I— Subcommittee Reports and Action Items:

1. Legislative Subcommittee Report— Legislative update and review of committee actions-- Michele Diamond.

Michele Diamond, staff Director of Government and Financial Affairs, informed the Board that both bills that would continue the Board for another 10 years have died. However, the Board staff was told that the bills' failure was not reflective of any dissatisfaction with the Board. House staff has indicated to Board staff that they will be adding amendments on to three bills to continue the Board. Additionally, Michele reported that HB 2255, —which would enable the Board to bypass the State Board of Education for an expedited process to withhold state aid, is progressing quickly through the legislative process. Once it passes final read in the Senate, it will be transmitted to the Governor. Further, since the last meeting, HB 2580, which would add two more members to the Board, was amended in the Senate to require that one of the six public Board members reside on an Indian reservation. This bill has been sent back to the originating chamber for the sponsor to accept or refuse these changes.

2. Discussion and possible action of the Board's position concerning education related bills.

No action taken

No discussion.

3. Charter Oversight/Strategic Planning and Implementation Report—Update and review of committee actions—Cassandra Larsen

Cassandra Larsen, the Chairman of the Charter Oversight sub-committee, reported that the sub-

No action taken

committee had good charter school participation at its last meeting and then presented the following information for Board consideration and/or action:

- Granting of good cause extension, which will be discussed later in the agenda;
- audit procedures previously used, which will be discussed later in the agenda;
- disciplinary action policy, will have its first read in May;
- and finally, the committee discussed issues related to the oversight of charter school governing bodies.

4. Update and discussion on a policy regarding the issuance of disciplinary actions with associated timeframes, violations, and criteria.

Ms. Larsen reported that the Board's accountability actions policy will have its first reading in May. The policy describes the Board's statutory discipline authority, factors to consider in determining appropriate discipline, and staff investigation and report regarding non-compliance.

No action taken

5. Outreach/Public Awareness Report—Update and review of committee actions—Kimberly Mosher

Kimberly Mosher reported that the Outreach Sub-committee held its first meeting and has not yet elected a chairperson. At its first meeting, the sub-committee discussed the need to disseminate proper information to stakeholders and taxpayers and to share information with the Board. Additionally, there was some discussion on sharing and responding to national charter school reports and information that affect and/or involve Arizona. The sub-committee's next meeting is scheduled for April 28th.

No action taken

Board break from 10:26am to 10:41am

Agenda Item J--Policy Action Items:

1. Board Timeframes Policy

Final read, discussion and possible action on adopting a policy regarding the timeframes for signing and/or opening a charter school.

The Board reviewed and considered the first draft of this policy at the March 8, 2004 meeting. The sub-committee accepted the first read and choose to forward the policy back to the full board for final review and approval.

MOTION

Motion by Mary Gifford, 1) to adopt a policy regarding timeframes for signing and/or opening a charter school. A statement to be added to the new charter school application: The charter school applicant acknowledges that if approved to operate a charter school, he/she must execute a charter contract with the Arizona State Board for Charter Schools within twelve months of the date of approval of the charter by the Arizona State Board for Charter Schools and must begin providing educational services within twelve months of execution of the contract or within twenty-four months of approval of the charter, whichever date occurs later. A charter that is not timely signed expires. If the holder of an expired charter wants to obtain a new charter, the holder shall apply again.

2. Board Extensions Policy

Final read, discussion and possible action on adopting a policy regarding the granting of good cause extensions for the execution of a charter contract or of opening the school.

The Board reviewed and considered the first draft of this policy at the March 8, 2004 meeting. The sub-committee accepted the first read and choose to forward the policy back to the full board for final review and approval.

The charter school applicant acknowledges that if approved to operate a charter school, the applicant must provide the minimum number of days of instruction as defined in A.R.S. 15-341.01 within the State's fiscal year that begins July 1st and ends June 30th.

2) to adopt a policy regarding the granting of good cause extensions for the execution of a charter contract or of opening the school. The holder of a charter may submit a written request for an extension of the execution of the charter contract or an extension of the opening of the charter school based upon demonstration of good cause.

When considering a request for extension of the execution of the charter contract or the extension of opening, the Board shall consider factors such as:

1. the time remaining between the submission of the request and the proposed extension date,
2. unforeseen circumstances related to the school facility,
3. other evidence of good cause that the Board deems appropriate.

If the Board approves the extension of the execution of the charter contract or an extension of the opening of the charter school, Board staff shall review the charter holder's approved application and the current application administrative checklist to determine whether additions or substantive changes are necessary to bring the application current with policy, rule, state or federal law. The holder must submit the requested changes to the Board staff 90 days prior to the opening of the school. State aid funding will not initiate until the Board staff have determined that the requested submission is complete and sufficient and all other requirements of the Board have been fulfilled. Motion seconded by Onnie Shekerjian

Motion passes unanimously

3. Board Audit Review and Follow-up

Final read, discussion and possible action on adopting a refined process for review and follow-up on charter school annual audits.

Michele Diamond presented the process for review and follow-up on charter school annual audits. Michele stated that all elements of each charter school's annual finance statement audit & questionnaire shall be reviewed and the corresponding action shall be taken in accordance with the Audit & Compliance Questionnaire Follow-up Matrix. Additionally, the Board and the staff will consider the following factors when determining the appropriate course of action to take: repeat breaches of the charter contract or the law, multiple instances of non-compliance; the school's ability and willingness to operate in compliance with the law, and the school's historical compliance record.

Board members discussed the use of management letters and staff responded that under this policy all components of the audit package would be reviewed.

John Todd, CPA provided additional information for the Board regarding management letters and internal controls.

Staff answered additional questions from the Board.

Lynne Adams left the meeting at 11:31am

Rob Leslie of CBIZ Miller Wagner provided additional information to the Board regarding auditing standards, management letters and internal controls.

MOTION

Motion by Jose Gabriel Loyola to have the staff proceed with the use of management letters and the Audit & Compliance Questionnaire Follow-up Matrix for review of the annual financial audits. Motion seconded by Kimberly Mosher.

Motion passes

**(5 ayes, Davis, Mosher, Larsen, Loyola, Kelly)
(2 nays, Gifford, Shekerjian)**

Agenda Item K— 1. The Board will receive information to determine whether evidence exists that the following schools are in breach of one or more provisions of their charter contract, federal, state, or local laws regarding their failure to submit the corresponding documentation for the annual financial audit for fiscal year ending 2002-2003.

No action taken

1. American Basic School, LLC
2. Espiritu Community Development Corp.

Kristen informed the Board that both schools have submitted their annual financial audit and corresponding documentation for fiscal year ending 2002-2003.

2. The Board will receive information to determine whether evidence exists that the following schools are in breach of one or more provisions of their charter contract, federal, state, or local laws regarding their failure to submit their annual financial audit and corresponding documentation for fiscal year ending 2002-2003.

1. Academy of Hope
2. Air Academy Charter High School
3. Ascending Roots Scholastic & Athletic Premise, Inc.
4. Black Family & Child Services, Inc., Teen Choice
5. EcoTech Academy of Science & Agriculture
6. Founding Fathers Academies, Inc.
7. James Madison Preparatory School
8. Jefferson Patriots, Inc.
9. Mary Ellen Halvorson Educational Foundation
10. Metropolitan Arts Institute

11. **Montessori Academy, Inc.**
12. **Multi-Dimensional Literacy Corp.**
13. **Pima Prevention Partnership**
14. **Premier Charter High School**
15. **Progressive Junior High School, Inc.**
16. **Progressive Leadership Academy**
17. **Shonto Governing Board of Education, Inc**
18. **Shonto Governing Board Of Education, Inc.**
19. **Southgate Community Development Corp.**
20. **Vision Charter Schools, Inc.**

Kristen gave a brief background on the requirements for submitting an audit. All charter schools are required to submit an audit. The FY 2002-2003 audit was due March 31, 2004, 9 months after the close of the FY. At the beginning of the FY staff mailed the audit guidelines and the questionnaires to all schools and to all auditors that were on our database. The guidelines indicated the due date of March 31st. 236 audits were due. 14 audits were received prior to November 15th. Kristen commended the following schools for the early submittal of their audit:

Benjamin Franklin, Compass High School, Desert Technology, Franklin Phonetic, Khalsa Family Services, Lake Powell, Montessori House, New West, PEAK, Phoenix Ed Mgmt, Pointe Ed'l Services, Skyline Technical, Transformational Learning Center, Academy of Excellence (SBE)

Schools on the agenda were provided notice both by certified mail and via fax within the required 72 hours timeframe.

Kristen informed the Board that Air Academy Charter High School, James Madison preparatory School, Mary Ellen Halvorson Educational Foundation, Metropolitan Arts Institute, Pima Prevention Partnership, and Southgate Community Development Corporation have submitted their annual financial audit and corresponding documentation for fiscal year ending 2002-2003.

Any school present that wished to speak was provided the opportunity.

11. Julie Lewis, charter representative for **Montessori Academy, Inc.** stated her accountant thought he could get an extension. They will begin their audit soon.

1. Terra Chestnut, charter representative for **Academy of Hope** stated she thought the audit was due in October. Asked for a minor extension. School is scheduled to start the audit process now and explained how the 10% withholding would hurt their small school.

17 & 18. Geraldine Gamble, business manager for both **Shonto Governing Board of Education, Inc** charters,

MOTION

Motion made by Mary Gifford to request that the State Board of Education withhold 10% of the monthly apportionment of state aid for the following schools if their audit was not received by April 26, 2004: Academy of Hope, Ascending Roots Scholastic & Athletic Premise, Inc., Black Family & Child Services, Inc., Teen Choice, EcoTech Academy of Science & Agriculture, Founding Fathers Academies, Inc., Jefferson Patriots, Inc., Montessori Academy, Inc., Multi-Dimensional Literacy Corp., Premier Charter High School, Progressive Junior High School, Inc., Progressive Leadership Academy, Shonto Governing Board of Education, Inc., Shonto Governing Board Of Education, Inc., Vision Charter Schools, Inc.. Motion seconded by Kimberly Mosher.

Motion passes unanimously

stated their draft has been completed and the draft audit should be done by April 30th and the final audit submitted in May. Schools went through a reauthorization process that required them to change auditors.

8. Helen Fortune, charter representative for **Jefferson Patriots, Inc.** stated the audit was finished in October 2003. It will be delivered to staff by April 16th.

5. Jameela Mutab, charter representative for **EcoTech Academy of Science & Agriculture** stated they have been having difficulty finding a new auditor to start their audit. Their former auditors usual fee of \$5000 was raised to \$30,000.

15 & 16. Derek Scott, charter representative for **Progressive Junior High School, Inc. and Progressive Leadership Academy** stated their audits will delivered to staff by April 30th.

14. Jeff DeMatte, charter representative for **Premier Charter High School** stated their audit will be in by April 16th.

3. Bob Brown, liaison officer for **Ascending Roots Scholastic & Athletic Premise, Inc.** stated their audit will be in by April 30th.

12. Linda Carpenter, business manager for **Multi-Dimensional Literacy Corp.** was notified in December that their current auditor would not be doing their audit. Has hired a new auditor and the audit will be completed the week of April 26th.

3. The Board will receive information to determine whether evidence exists that the following schools are in breach of one or more provisions of their charter contract, federal, state, or local laws regarding their failure to submit their annual financial audit and corresponding documentation for fiscal year ending 2002-2003 and prior years if any.

Kristen reiterated her previous background outlining the requirements for submitting an audit. She also stated the following schools have failed to submit their annual financial audits in prior years.

1. Academy of Arizona, Inc.
2. Aprender Tucson
3. AZ-Tec High School
4. Aztlán Academy, Inc.
5. Casa Blanca Middle School
6. Cesar Chavez Middle School, Inc.
7. EAGLE Academy, Inc.
8. Griffin Foundation, Inc., The

MOTION AMENDED

Motion amended by Mary Gifford to request that the State Board of Education withhold 10% of the monthly apportionment of state aid for the above mentioned schools and the corrective action plan would be the submission of their audit if their audit was not received by April 26, 2004. Motion seconded by Kimberly Mosher.

**Motion passes unanimously
(Kelly abstained)**

9. Luz Social Services, Inc.
10. Tertulia: A Learning Community

Kristen informed the Board that Academy of Arizona, Inc. has submitted their annual financial audit and corresponding documentation for fiscal year ending 2002-2003.

Kristen informed the Board that AZ-Tec High School's audit is part of the county audit, which has not been completed by the Auditor General.

Schools on the agenda were provided notice both by certified mail and via fax within the required 72 hours timeframe.

Any school present that wished to speak was provided the opportunity.

8. Lee Griffin, charter representative for **Griffin Foundation, Inc.,** The stated he was fully aware of the deadline for the audit, but has had difficulty completing it due to the 2 programs with the Child Nutrition office the school currently has. They are in the process of getting it completed.

5. Tom Jennings, charter representative for **Casa Blanca Middle School** stated he takes full responsibility for their audit. The school was advised by their auditors in January they would not complete their audit. Looking for an auditor to get the process started.

4 & 6. Dr. Judy Bisigiano, charter representative for **Aztlan Academy, Inc. and Cesar Chavez Middle School, Inc.** stated their audit was finished but the auditing firm wanted to reaudit the FY02 audit due to some discrepancies from the prior auditing firm. The audit should be finished in approximately 2 weeks. Dr. Bisigiano also requested to speak on the items presented in Call to the Public. President Davis stated comments for Call to the Public has passed and invited Dr. Bisigiano back to the next Board meeting.

Mary Gifford left the meeting at 12:26pm

4. Kachina Country Day School--The Board will receive information to determine whether evidence exists that Kachina Country Day School is in breach of one or more provisions of their charter contract, federal, state, or local laws regarding its failure to follow the open meeting law and their failure to submit their annual financial audit and corresponding documentation for fiscal year ending 2002-2003.

Kristen provided a brief background on Kachina Country Day School and the closure of one of two of

MOTION

Motion made by Mary Gifford to request that the State Board of Education withhold 10% of the monthly apportionment of state aid for the following schools if their audit was not received by April 26, 2004: Aprender Tucson, AZ-Tec High School, Aztlan Academy, Inc., Casa Blanca Middle School, Cesar Chavez, Middle School, Inc., EAGLE Academy, Inc., Griffin Foundation, Inc., The Luz Social Services, Inc., Tertulia: A Learning Community. Motion seconded by Kimberly Mosher.

Motion passes unanimously

their charter sites earlier this year. She stated the Attorney General's Open Meeting Law Enforcement Team has been reviewing and working with the school for several months. Two letters were distributed that indicate that in the opinion of the Attorney General's office the school held meetings in violation of the open meeting law. The Attorney General is considering its options regarding its findings. While the office has not yet taken action, an option open to the Attorney General's office is working with the school to resolve the matter by an agreement that could include attending training and reporting of affirmation of compliance with open meeting law. The second letter from Mr. Kline indicates that he would not be able to attend the meeting but that the school has been cooperating with the Attorney General's office. Kristen outlined some options for the Board.

Additionally, Kristen stated that the school's audit had been submitted to staff.

The Board discussed it's options and agreed to work with the Attorney General's office to address the violations of open meeting law and monitor compliance. The Board will be updated when the Attorney General office has completed its action.

Agenda Item L—Approval of Minutes

March 8, 2004

Agenda Item M—Adjournment

The meeting adjourned at approximately 12:57pm.

Signature

Date

MOTION

Motion made by Jose Gabriel Loyola to withhold 10% of the monthly equalization payments from Kachina Country Day School for failure to follow the open meeting law. Motion seconded by Cassandra Larsen.

Motion withdrawn

MOTION

Motion made by Cassandra Larsen to approve the minutes of **March 8, 2004**. Motion seconded by Kimberly Mosher.

Motion passes unanimously

MOTION

Motion by Mary Lynn Kelly to adjourn the meeting. Motion seconded by Onnie Shekerjian.

Motion passes unanimously